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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, GUATEMALA — 337 DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. — October 16, 1953 DATE

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67 For Dept. Use Only	ACTION OAI-10	DISTRIBUTION CASE NO. 740332
	REC'D 10/18	INFO DCR-2, IFS-1, EES-2, PPA, Action Taken, S, E-3, OTHER ARMY-35, NAVY-39, AIR-21, OSD-4, CIA-10, PSB-1

SUBJECT: Joint Weeka No. 42 for State, Army and Air Departments from S - Section 1.

Date of Action

Action Office Symbol

SUMMARY

The two largest parties supporting the Guatemalan Government were afflicted this week with new factional conflicts touched off by the resentment of some Administration politicians over the increasingly open influence of Communism. The PAR dismissed Sr. Francisco FERNANDEZ Foncea as Secretary General in a sequel to his statement in Congress that the Administration parties were destined to form part of the "world Communist movement," but the election of Sr. Julio ESTRADA de la Hoz, Communist-line ex-President of Congress, as the new Secretary General made it doubtful whether the situation had been materially improved. In a parallel conflict in the PRG, Sr. Emilio ZEA Gonzalez, First Vice President of Congress, and five other deputies resigned from that party as a climax to their refusal to submit to political directives from the Communist-line Political Committee and to Sr. Augusto CHARNAUD MacDonald, the PRG Secretary General.

The October 14 speech of Assistant Secretary Cabot on relations with Latin America, including the problem of Communism in Guatemala and other topics, was given extensive publicity in the independent press but thus far comment has been limited.

A Labor Court requested Sr. Alfonso BAUER Paiz, government "Interventor" in the U.S.-owned IRCA railways to examine the company's books to see if it could pay the wage increase for which the workers recently went on strike.

The official gazette published a decree by which the government made $10,000 available for the Communist-sponsored "Second Continental Congress of Democratic Lawyers."

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DOMESTIC AFFAIRS

Julio Estrada [illegible] named Secretary General of the PAR. Continuing one to [illegible] which has recently been shaking the

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leftist Administration parties, the National Council of the Partido Acción Revolucionaria (PAR) on October 10 dismissed Sr. Francisco Fernández Foncea as Secretary General of the party and elected Sr. Julio Estrada de la Hoz, far leftist ex-President of Congress, to succeed him. Although the conflict in the party was set off by Sr. Fernández Foncea's remark in Congress that the PAR was destined to form part of the "great world Communist movement" (Weeka 41) it soon abandoned the ideological plane and degenerated into an internal factional fight for power. The new Executive and Political Committees elected with Sr. Estrada de la Hoz were dominated by the clique led by Sr. Humberto González Juárez, Private Secretary to President Arbenz, and Sr. Fernández Foncea tried to keep them out of office by force. However, the Civil Registrar ruled that they were legally elected, and Sr. Fernández Foncea is now appealing to the National Electoral Board and the courts.

The new PAR leadership appears likely to continue close collaboration with the Communists. Sr. Estrada de la Hoz has expressed pronounced Communist-line views and his associates have generally been careful not to make pro-Communism the grounds for dismissing Sr. Fernández Foncea. As Major Marco Antonio Franco, a PAR Deputy, put it, the party did not object so much to what Sr. Fernández Foncea said in Congress as to the fact that he was drunk when he said it.

Six PRG Deputies Resign From Party. In another aspect of the turmoil in Administration political circles, Sres. Emilio Zea González, First Vice President of Congress, and Carlos GARCIA Bauer, Chairman of the Foreign Affairs Committee, and four other Deputies submitted their "irrevocable resignations" to the Partido de la Revolución Guatemalteca (PRG) after the Communist-line PRG Political Committee refused to accept their "ultimatum" to moderate the party line (Weeka 41). Their principal demands were for the dismissal of Sr. Alfonso SOLORZANO, intellectual Communist, as Director of the party newspaper; the reinstatement of Sr. Juan José TEJADA Barrientos, Secretary for Organization expelled for leading an anti-Communist faction and aspiring to become Secretary General; and a reorganization of the Political Committee. They are for the moment an "independent" pro-Administration bloc in Congress and the PRG has been reduced to nine deputies.

FOREIGN RELATIONS

Assistant Secretary's Speech Draws Attention. The local press on October 14-15 published summaries and long extracts of Assistant Secretary John M. CABOT's speech to the Federation of Women's Clubs bearing on relations with Argentina, Bolivia and Guatemala. In the first editorials to appear, the independent Prensa Libre commented that it deserved careful study and thought

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that the most important part was the allusion to collective responsibility of the American community for control of Communism. Impacto, the most quarrelsome of the independent papers, complained, "He lays down no policy and plots no course...In the struggle such as we are witnessing nothing is more futile than oratorical fireworks." The Government-owned Diario de Centro America, in a moderate vein, asked for patience and urged that more attention be given to devising a just plan for coexistence of the "over-developed" U.S. economy and the "underdeveloped" Latin American economies.

Guatemalan Congress Protests British Action. On the motion of Sr. Carlos Manuel PELLECER, Communist Deputy, the Guatemalan Congress on October 15 adopted a resolution protesting "the criminal aggression of imperialist troops against the peaceful and hard working people of Guiana."

AMERICAN INTERESTS

Books of IRCA Railroad to be Examined. The Third Labor Court this week requested Sr. Alfonso Bauer Paiz, newly appointed government "Interventor" in the U.S.-owned International Railways of Central America (IRCA) to conduct an examination of the company's books to determine whether the wage demand of the workers could be met (Weeka 41). It will be recalled that when Sr. Bauer Paiz recently made a similar inquiry into the affairs of the U.S.-owned Empresa Eléctrica he announced his conclusion that the company was making fantastic profits.

Empresa Eléctrica Appeals Labor Court Ruling. The Empresa Eléctrica this week petitioned the Labor Court of Appeals to set aside the finding of the Third Labor Court that last July's strike at the company had been "just" and that the company would have to pay the approximately 37% wage increase demanded. The union also appealed the ruling, maintaining that workers on duty should not only be paid double time for the few hours that the strike was actually in effect, but from mid-July to mid-October when it maintains the strike was "legally" in effect.

PSYCHOLOGICAL

Government Supports "Democratic Lawyers'" Conference. The Guatemalan Government's financial support of the Communist-oriented "Second Continental Conference of the International Association of Democratic Lawyers" (Weeka 41) was revealed this week when, by a decree published in the official gazette the Government transferred Q10,000 to a Ministry of Foreign Affairs account to be used for Conference expenses. Meanwhile, with

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less than twenty delegates on hand, the opening of the Conference was deferred from Wednesday, October 14 to Friday, October 16, according to announcement in the Communist Tribuna Popular, "because of...the congestion in air traffic resulting from the approaching National Fair, and in order to give the illustrious delegates...the homage they deserve."

R. E. Schoenfeld

Rudolf E. Schoenfeld

Contributor: W.A.Krauss
Public Affairs Officer

cc: C.A. Missions & routine

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